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EPA Related Excerpts from  
**HOUSE REPORT #105-175**  
on

FY 1998 Appropriations Bill for EPA (and VA, etc.)

*(For Internet links to a complete copy of the Report and related information  
(i.e. Senate Report 105-53, H.R.2158, S.1034), refer to the NCEA Homepage  
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**Notes:**

- Non-EPA sections of the Report are deleted from this electronic copy of the Report, except for relevant excerpts from the Summary, OSTP, Council on Environmental Quality, NSF, and General Provisions sections of the Report. This electronic copy was derived from the Report as shown on the Congressional Internet site, Thomas.
- Page numbers referred to in the topic index and as shown below have been added to this electronic copy for the convenience of the reader. The page numbers in this document do not correspond with the page numbers referred to in the Congressional record version of the Report or to the page numbers in the actual published Committee Report document.
- Bolding has also been added to highlight various items of interest.

41 989

105 th Congress

Report

HOUSE OF REPRESENTATIVES

1st Session

105-175

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN  
DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1998

July 11, 1997.--Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

Mr. Lewis of California, from the Committee on Appropriations,  
submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 2158]

The Committee on Appropriations submits the following report in  
explanation of the accompanying bill making appropriations for the  
Departments of Veterans Affairs and Housing and Urban Development, and  
for sundry independent agencies, boards, commissions, corporations, and  
offices for the fiscal year ending September 30, 1998, and for other  
purposes.

SUMMARY OF THE BILL

The Committee recommends \$91,692,867,000 in new budget (obligational)  
authority for the Departments of Veterans Affairs and Housing and Urban  
Development, and 17 independent agencies and offices. This is  
\$9,629,463,558 above the 1997 appropriations level.

The following table summarizes the amounts recommended in the bill in  
comparison with the appropriations for fiscal year 1997 and budget  
estimates for fiscal year 1998.

# SUMMARY OF BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL

	1997 enacted	Fiscal year-- 1998 estimates	House	House compared with enacted	House compared with estimates
American Battle Monuments Commission	\$22,265,000	\$23,897,000	\$26,897,000	+\$4,632,000	+\$3,000,000
Cemeterial Expenses, Army	11,600,000	11,815,000	11,815,000	+215,000	0
Community Development Financial Institutions	50,000,000	125,000,000	125,000,000	+75,000,000	0
Consumer Information Center	2,260,000	2,119,000	2,419,000	+159,000	+300,000
Consumer Product Safety Commission	42,500,000	45,000,000	44,000,000	+1,500,000	-1,000,000
Corporation for National and Community Service	402,500,000	549,000,000	402,500,000	0	-146,500,000
Council on Environmental Quality	2,436,000	3,020,000	2,506,000	+70,000	-514,000
Court of Veterans Appeals	9,229,000	9,380,000	9,319,000	+90,000	-61,000
Department of Housing and Urban Development	16,303,809,442	24,573,255,000	25,123,255,000	+8,819,445,558	+550,000,000
Department of Veterans Affairs	40,086,493,000	40,216,150,000	40,359,576,000	+273,083,000	+143,426,000
Environmental Protection Agency	6,799,393,000	7,645,493,000	7,232,077,000	+432,684,000	-413,416,000
Federal Deposit Insurance Corporation	0	(34,365,000)	(34,365,000)	(+34,365,000)	0
Federal Emergency Management Agency	5,103,556,000	838,558,000	1,088,058,000	-4,015,498,000	+249,500,000
National Aeronautics and Space Administration	13,709,200,000	13,500,000,000	13,648,000,000	-61,200,000	+148,000,000
National Credit Union Administration	1,000,000	0	0	-1,000,000	0
National Science Foundation	3,270,000,000	3,367,000,000	3,487,000,000	+217,000,000	+120,000,000
Neighborhood Reinvestment Corporation	49,900,000	50,000,000	70,000,000	+20,100,000	+20,000,000
Office of Consumer Affairs	1,500,000	1,800,000	0	-1,500,000	-1,800,000
Office of Science and Technology Policy	4,932,000	4,932,000	4,932,000	0	0
Selective Service System	22,930,000	23,919,000	23,413,000	+483,000	-506,000
Budget scorekeeping adjustments	-3,832,100,000	32,100,000	32,100,000	+3,864,200,000	0
Total	82,063,403,442	91,022,438,000	91,692,867,000	+9,629,463,558	+670,429,000

## FISCAL YEAR 1998 RATIONALE

The fiscal year 1998 recommendations for the VA, HUD, and Independent Agencies Appropriations Bill continue down the path begun with the fiscal year 1996 enacted Bill and reflect a fundamental recognition that significant changes are required if the goal of a balanced budget is to be realized.

Last year the Subcommittee conducted a zero-base review of each department, agency, and office under its jurisdiction. The goal of that review was to determine exactly what was being done by the government, why was it being done, how was it being done, and if it was a necessary activity, could it be done cheaper. The following report and accompanying Bill reflects an ongoing commitment to the basic premise of the work which was started in fiscal year 1996. The job was not completed in fiscal year 1996, nor will it be completed in fiscal year 1998, but a substantial amount of progress has been made toward controlling the growth in programs while maintaining essential government activity.

The Subcommittee recognizes that many difficult decisions are still before us and that short-term measures such as "outlay enhancers" will do little to address the long-term goal of a balanced budget. Therefore, to the extent possible, the Subcommittee has avoided the use of "outlay enhancers" and other mechanisms which merely postpone difficult decisions. The reductions contained in the Bill which accompanies this report are real reductions which present real challenges for various government offices if fundamental change is to be realized.

## GOVERNMENT PERFORMANCE AND RESULTS ACT

The Committee considers the full and effective implementation of the Government Performance and Results Act, P.L. 103 62, to be a priority for all agencies of government.

Starting with fiscal year 1999, the Results Act requires each agency to "prepare an annual performance plan covering each program activity set forth in the budget of such agency". Specifically, for each program activity the agency is required to "establish performance goals to define the level of performance to be achieved by a program activity" and "performance indicators to be used in assessing the relevant outputs, service levels, and outcomes of each program activity".

The Committee takes this requirement of the Results Act very seriously and plans to carefully examine agency performance goals and measures during the appropriations process. As a result, starting with the fiscal year 1999 appropriations cycle, the Committee will consider

agencies progress in articulating clear, definitive, and results-oriented (outcome) goals and measures as it reviews requests for appropriations.

The Committee suggests agencies examine their program activities in light of their strategic goals to determine whether any changes or realignments would facilitate a more accurate and informed presentation of budgetary information. Agencies are encouraged to consult with the Committee as they consider such revisions prior to finalizing any requests pursuant to 31 U.S.C. 1104. The Committee will consider any requests with a view toward ensuring that fiscal year 1999 and subsequent budget submissions display amounts requested against program activity structures for which annual performance goals and measures have been established.

## ENVIRONMENTAL PROTECTION AGENCY

Fiscal year 1998 recommendation	\$7,232,077,000
Fiscal year 1997 appropriation	6,799,393,000
Fiscal year 1998 budget request	7,645,493,000
Comparison with fiscal year 1997 appropriation	+432,684,000
Comparison with fiscal year 1998 budget request	-413,416,000

The Environmental Protection Agency was created by Reorganization Plan No. 3 of 1970, which consolidated nine programs from five different agencies and departments. Major EPA programs include air and water quality, drinking water, hazardous waste, pesticides, radiation, toxic substances, enforcement and compliance assurance, pollution prevention, oil spills, Superfund and the Leaking Underground Storage Tank (LUST) program. In addition, EPA provides Federal assistance for wastewater treatment, drinking water facilities, and other water infrastructure projects. The agency is responsible for conducting research and development, establishing environmental standards through the use of risk assessment and cost-benefit analysis, monitoring pollution conditions, seeking compliance through a variety of means, managing audits and investigations, and providing technical assistance and grant support to states and tribes, which are delegated authority for actual program implementation. Finally, the Agency participates in some international environmental activities.

Among the statutes for which the Environmental Protection Agency has sole or significant oversight responsibilities are:

National Environmental Policy Act of 1969, as amended.

Federal Insecticide, Fungicide, and Rodenticide Act, as amended.

Toxic Substances Control Act, as amended.

Federal Water Pollution Control Act, as amended.

Marine Protection, Research, and Sanctuaries Act of 1972, as amended.

Oil Pollution Act of 1990.

Public Health Service Act (Title XIV), as amended.

Solid Waste Disposal Act, as amended.

Clean Air Act, as amended.

Safe Drinking Water Act, as amended.

Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

Emergency Planning and Community Right-to-Know Act of 1986.

Pollution Prevention Act of 1990.

Resource Conservation and Recovery Act, as amended.

For fiscal year 1998, the Committee has recommended a total program and support level of \$7,232,077,000, an increase of \$432,684,000 from the fiscal year 1997 level and a decrease of \$413,416,000 from the budget request.

The Committee notes that the so-called "Budget Agreement" reached between the Congress and the Administration in May, 1997, requires that the "operating" programs of the Environmental Protection Agency be funded at the aggregate level requested by the President in his February 1997 budget submission. It is well understood that the "operating" programs of EPA include the appropriations accounts titled Science and Technology, Environmental Programs and Management, Office of Inspector General, Buildings and Facilities, Oil Spill Response, and that portion of the State and Tribal Assistance Grants which constitute specific environmental categorical grants to state, local and tribal governments. For fiscal year 1998, the President's aggregate request for programs in these areas totaled \$3,402,037,300. The Committee's recommendation for these same programs contained herein totals \$3,402,703,000, an increase of \$665,700 above the budget request. The Committee believes, therefore, that it has met both the letter and the spirit of this Executive-Legislative agreement.

Of the amounts approved in the following appropriations accounts, the Agency must limit transfers of funds between programs and activities to not more than \$500,000, except as specifically noted, without prior approval of the Committee. No changes may be made to any account or program element, except as approved by the Committee, if it is construed to be policy or a change in policy. Any activity or program cited in the report shall be construed as the position of the Committee and should not be subject to reductions or reprogramming without prior approval of the Committee. It is the intent of the Committee that all carryover funds in the various appropriations accounts are subject to the normal reprogramming requirements outlined above. The Agency is expected to



comply with all normal rules and regulations in carrying out these directives. Finally, the Committee wishes to continue to be notified regarding reorganizations of offices, programs, or activities prior to the planned implementation of such reorganizations.

## SCIENCE AND TECHNOLOGY

Fiscal year 1998 recommendation\1\	\$656,223,000
Fiscal year 1997 appropriation	552,000,000
Fiscal year 1998 budget request	614,269,400
Comparison with fiscal year 1997 appropriation	+104,223,000
Comparison with fiscal year 1998 budget request	+41,953,600

\1\Total does not include transfer of \$35,000,000 from the Hazardous Substance Superfund.

The Science and Technology account funds all extramural Environmental Protection Agency research (including Hazardous Substances Superfund research activities) carried out through grants, contracts, and cooperative agreements with other Federal agencies, states, universities, and private business, as well as on an in-house basis. This account also funds supplies and operating expenses for all Agency research. Research addresses a wide range of environmental and health concerns across all environmental media and encompasses both long-term basic and near-term applied research to provide the scientific knowledge and technologies necessary for preventing, regulating, and abating pollution, and to anticipate merging environmental issues.

The Committee has recommended an appropriation of \$656,223,000 for Science and Technology for fiscal year 1998, an increase of \$104,223,000 above the fiscal year 1997 level, and an increase of \$41,953,600 above the 1998 budget request.

The Committee's recommended appropriation includes the following increases to the budget request:

\$1,500,000 for continuation and Calif. Regional PM 10 & 2.5 air quality study.

\$2,500,000 for EPSCoR.

\$700,000 for continuation of study of livestock and agricultural pollution abatement at Tarleton State University.

\$3,500,000 for Water Environment Research Foundation.

\$2,000,000 for continued research on urban waste management at the Univ. of New Orleans.

\$1,300,000 for continued oil spill remediation research at the La. Env. Research Center at McNeese State Univ.

\$2,000,000 for the Mickey Leland Natl. Urban Air Toxics Research Center.

\$5,000,000 for the American Water Works Assn. Research Foundation, including \$1,000,000 for continued research on arsenic.

\$4,000,000 for the Natl. Decentralized Water Resource Capacity Development Project, in coordination with EPA, for continued training and R&D program.

\$1,500,000 for the Integrated Petroleum Environmental Consortium project, to be cost-shared.

\$750,000 for continued research at the Environmental Lung Center of the Natl. Jewish Medical and Research Center in Denver.

\$35,000,000 for comprehensive particulate matter research program, transferred to and conducted by NIEHS.

\$5,000,000 for additional ozone related research.

\$6,000,000 for continued research of the Salton Sea, including \$1,000,000 to the University of Redlands and \$5,000,000 for the Salton Sea Authority.

\$2,000,000 for research on treatment technologies relating to perchlorate within the Crafton-Redlands Plume, to be conducted through the East Valley Water Dist. California.

Other Science and Technology program levels include:

1. Climate change is funded at \$16,900,000, a 3% increase over the 1997 level;
2. Global change is funded at \$14,836,000, a 3% increase over the 1997 level;
3. The new Advanced Measurement program is funded at \$2,000,000; and

4. The new Right to Know program for S & T as announced at Kalamazoo is funded at \$7,500,000.

For Science and Technology, a general reduction of \$10,000,000 is taken.

The Committee's recommendation includes an additional \$35,000,000 to Science and Technology for transfer to the National Institute of Environmental Health Sciences (NIEHS) to establish, in close coordination and cooperation with EPA and the Department of Energy, a short- and long-term air pollution program, focusing on particulate matter and ozone, that may include, but not be limited to the following:

The size and composition of fine particulate matter and the effects of such particulate matter on human health, including any effects on tissue damage and lung dysfunction;

Studies of exposure to ambient and indoor levels of fine particulate matter for the purpose of identifying more accurate estimates of individual exposure to such particulate matter;

Controlled inhalation exposure studies to examine dose-response relationships and mechanistic issues;

Prospective epidemiological studies and longitudinal health effects evaluations, based on measurements of individual exposure to fine particulate matter, with special emphasis on at-risk groups such as children, the elderly, and people with chronic respiratory problems;

Interactive effects of air pollutants and allergens including their association with the condition of asthma and;

Development of appropriate intervention strategies.

In the development of this research program NIEHS, EPA and DOE are strongly encouraged to work with the Health Effects Institute and others in the public and private sectors.

These research activities will be conducted primarily through peer-reviewed, competing grants, cooperative agreements, or contracts to institutions of higher education and national laboratories, as well as intramural studies and contracts. In addition to individual research project grants, NIEHS should give strong consideration to funding up to five multidisciplinary, multi-project programs at institutions of higher education. The governing criteria for such awards should include their ability to bring together biomedical and public health scientists, engineers, environmental scientists, geoscientists, economists, and policy analysts as part of a coordinated and comprehensive research effort. NIEHS should work with EPA and DOE to implement steps in the research proposal solicitation and award selection process that will ensure that the research activities are relevant to high priority topics and that the research results are reported to the appropriate agencies in a timely manner through accepted reporting practices.

In addition, \$4,400,000 of the funds transferred to NIEHS will be allocated to the DOE Office of Fossil Energy to support peer-reviewed, competitive research awards, primarily by qualified university-based and national laboratory individuals and/or consortia, for studies on source categories contributing to concentrations of fine particles so that cost-effective mitigation strategies can be developed, and to support the development of better and more accurate monitoring capabilities.

The Committee expects that all research data will become available to the public, with proper safeguards for the researcher's first right of

publication, for scientific integrity, for individuals participating in studies, and for proprietary commercial issues, and to prevent scientific fraud and misconduct.

Finally, NIEHS, EPA and DOE are directed to report to the Committee on their specific plans for this research program as well as with periodic updates as the program develops.

In addition to this new research program, the Committee has provided an increase of \$5,000,000 for ozone related research to be conducted through ORD. This additional research should focus specifically on the nexus between biological response of humans from exposure to ozone and the onset of health effects from that exposure.

In addition to the funds provided through appropriations directly to this account, the Committee has recommended that \$35,000,000 be transferred to Science and Technology from the Hazardous Substance Superfund account for ongoing research activities consistent with the intent of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended. Further, the Committee fully supports the continuation of the Superfund Innovative Technology Evaluation (SITE) program at the budget request level. The program is expected to focus on the validation and verification of the performance of innovative technologies developed by the private sector that will serve to reduce remediation times and costs.

Within the funds provided for Science and Technology, the Committee directs the continuation of a \$2,000,000 initiative to transfer technology developed in federal laboratories to meet the environmental needs of small companies in the Great Lakes region. This initiative should be accomplished through a NASA sponsored Midwest regional technology transfer center working in collaboration with an HBCU from the region.

The Committee's recommendation fully funds the Environmental Research Centers, and the Agency is directed to provide \$3,000,000 from within appropriated resources for the university portion of the Southern Oxidants Study.

Within available funds, the Committee urges the Agency to spend up to \$1,000,000 to study, 1) the water quality and environmental impact of new cane sugar refining on both the Florida Everglades ecosystem and the Everglades Restoration Project, and 2) determine the source of water pollution in Water Conservation Areas One, Two, and Three of the Everglades Protection Area. The Committee requests the Agency to report back on the findings on the study, which should be completed by April 1, 1998.

The Committee notes with interest the innovative approach to clean air research being developed by the City of Houston in its ``Houston Air

eXcellence and Leadership" (HAXL) program. By proposing a broad-based program to develop region-specific technical research and health impact data, the HAXL programs seeks to identify ways in which air pollution control policy can be targeted toward the precise pollutants that cause the most serious health impacts in a particular city or region--in this case, Houston. This unique, multi-pollutant strategy aims to maximize health benefits and cost efficiency by focusing on the specific needs of each particular area. The Committee notes further that the Houston area suffers some of the most severe and complex air quality problems found anywhere in the United States.

The City anticipates that much of the funding for the HAXL program will be provided through shared state/local cooperative efforts, competitive grants, and private foundations. The HAXL program should receive strong consideration for federal funding as well, particularly for certain local health effects studies for which state and local sources are not traditionally available. The Committee believes that the HAXL program represents a practical, commonsense approach to clean air research that could have a significant impact on pollution control strategies for Houston and across the country.

The Committee is aware of EPA's draft National Sediment Quality Survey issued in July 1996 in which the Agency concluded, among other things, that the preferred means of controlling sedimentation contamination risks to human health and the environment is through natural recovery. Despite this conclusion, however, dredging often is advocated even though the impact of such an invasive approach is often unknown. In light of this situation, the Committee directs that in assessing risks posed by the contamination by polychlorinated biphenyls of the upper Hudson River, New York, the Agency shall include an assessment and comparison of the risks to human health and the environment presented by alternative remedial measures, including natural recovery, source control, and dredging, capping, and disposal of contaminated sediments. Further, the Agency is directed to enter into an arrangement with the National Academy of Sciences to conduct a review which evaluates the availability, effectiveness, costs, and effects of technologies for the remediation of sediments contaminated with polychlorinated biphenyls, including dredging and disposal. Such a review should be completed by April 1, 1999.

In a similar vein, the Committee remains concerned that alternatives be found to the ocean disposal of dredged materials. The Committee supports the ongoing research effort of the Agency to find cost-effective and environmentally safe alternatives to ocean disposal and urges that at the appropriate opportunity, a large-scale pilot project utilizing the expertise of other research organizations, such as

Brookhaven National Laboratory and the New Jersey Institute of Technology, be developed and instituted.

Again this year, the Committee notes that the Experimental Program to Stimulate Competitive Research (EPSCoR) is designed to improve the scientific and technological capacity of states with less developed research infrastructure. Developed with NASA and the National Science Foundation as partners, the Committee has provided EPA with \$2,500,000 for its continued participation in this program. In addition, the Committee directs ORD to maintain its on-going commitment to the Middle Atlantic Region in terms of funding and FTEs to complete the demonstration and evaluation of the EMAP approach in a specific geographic area.

The Committee again wishes to express its continued support for the new direction the Agency has chosen to take its research program. In this regard, the budget request's \$7,000,000 increase for Fellowships is fully provided. With peer reviewed, meaningful, and quality research, the Agency will be better prepared to scientifically support its rulemaking activity, which has been criticized in recent years as often being deficient of a sound science base. Moreover, this new direction will foster a better foundation for the development of longer-term environmentally and scientifically sound policies and statutes for the consideration of the Congress. The Committee expects the program offices of the Agency to make extensive use of the Office of Research and Development (ORD) so that its programs and actions on an Agency-wide basis are justified with sound and credible science.

As part of the peer review process, the Committee continues to expect the ORD to continue to place more reliance on oversight and review of its ongoing research by the Science Advisory Board, as well as by outside sources such as the National Academy of Sciences. The Board was created to offer scientific guidance in the development of research and policies of the Agency, and better use of the Board and the Academy throughout the Agency would likely enhance the credibility of much of what is suggested by the program offices.

## ENVIRONMENTAL PROGRAMS AND MANAGEMENT

Fiscal year 1998 recommendation	\$1,763,352,000
Fiscal year 1997 appropriation	1,752,221,000
Fiscal year 1998 budget request	1,887,590,900
Comparison with fiscal year 1997 appropriation	+11,131,000
Comparison with fiscal year 1998 budget request	-124,238,900

The Environmental Programs and Management account encompasses a broad range of abatement, prevention, and compliance, and personnel compensation, benefits, and travel expenses for all media and programs of the Agency except Hazardous Substance Superfund, Leaking Underground Storage Tank Trust Fund, Oil Spill Response, and the Office of Inspector General.

Abatement, prevention, and compliance activities include setting environmental standards, issuing permits, monitoring emissions and ambient conditions and providing technical and legal assistance toward compliance and oversight. In most cases, the states are directly responsible for actual operation of the various environmental programs. In this regard, the Agency's activities include oversight and assistance in the facilitation of the environmental statutes.

In addition to program costs, this account funds administrative costs associated with the operating programs of the Agency, including support for executive direction, policy oversight, resources management, general office and building services for program operations, and direct implementation of all Agency environmental programs--except those previously mentioned--for Headquarters, the ten EPA Regional offices, and all non-research field operations.

For fiscal year 1998, the Committee has recommended \$1,763,352,000 for Environmental Programs and Management, an increase over the 1997 level of \$1,752,221,000, and a decrease from the budget request of \$1,887,590,900. This account encompasses most of those activities previously conducted through the Abatement, Control and Compliance and Program and Research Operations accounts. In 1996, these accounts, except for certain research operations and the state categorical grant program, were merged in order to provide greater spending flexibility for the Agency. Bill language is included which makes this appropriation available for two fiscal years and, for this account only, the Agency may transfer funds of not more than \$500,000 between programs and activities without prior notice to the Committee, and of not more than \$1,000,000 without prior approval of the Committee. But for this

difference, all other reprogramming procedures as outlined earlier shall apply.

The Committee's recommended appropriation includes the following increases to the budget request:

\$3,000,000 for the Michigan Biotechnology Institute for continued development of viable cleanup technologies.

\$1,000,000 for the Lake Wallenpaupack, Penn. environmental restoration project.

\$372,000 for the Saint Vincent watershed environmental restoration project.

\$500,000 for continued activities of the Small Business Pollution Prevention Center at the Univ. of Northern Iowa.

\$2,679,000 for Natl. Estuary Program, including \$400,000 for Barnegat Bay National Estuary Program (total NEP \$20,000,000).

\$3,372,000 for the Great Lakes Program. Funding for the program is at the 1996 level, including \$14,700,000 for the GLN program office.

\$250,000 for design for a non-indigenous species dispersal barrier in the Chicago shipping and sanitary canal pursuant to Sec. 1202 of the Natl. Invasive Species Act, to be cost shared.

\$800,000 for continued work on the Ohio River watershed pollutant reduction program, to be cost shared.

\$2,000,000 for continuation of the Sacramento River Toxic Pollution Control Project, to be cost shared.

\$2,500,000 for water reuse demonstration projects in Yucca Valley (\$800,000) and 29 Palms (\$1,700,000), Calif.

\$700,000 for ongoing activities at the Canaan Valley Institute.

\$3,000,000 for the Southwest Center for Env. Research & Policy (SCERP).

\$6,000,000 for the National Institute for Environmental Renewal to establish a regional environmental data center, and to develop an integrated, automated water quality monitoring and information system for watersheds impacting the Chesapeake Bay.

\$500,000 for continuation of the Small Water Systems Institute at Montana State Univ.

\$5,150,000 for rural water technical assistance activities and groundwater protection bringing total program to 13,150,000 with distribution as follows: \$8,200,000 for the NRWA; \$2,200,000 for RCAP; \$400,000 for GWPC; \$1,350,000 for Small Flows Clearinghouse; and \$1,000,000 for the NETC.

\$2,000,000 for an environmental education center in Highland, Calif.

\$4,000,000 for continuation of the New York and New Jersey dredge



decontamination project.

\$1,000,000 for continued work on the water quality management plan for the Skaneateles, Otisco and Owasco Lake watersheds.

\$400,000 for continued work on the Cortland, Co. New York aquifer protection plan.

\$300,000 for the NAS to conduct a study of the effectiveness of EPA's I&M programs.

\$400,000 for a non-profit organization to implement an action plan to accelerate the international phase-out of lead gasoline.

\$2,000,000 for the creation of five small public water system technology assistance centers pursuant to section 1420(f) of The Safe Drinking Water Act, as amended.

\$500,000 for a waste water reuse study in the Victorville, California area.

Other Environmental Programs and Management funding levels include:

1. Under the Office of the Administrator, Congressional and Legislative Affairs is funded at \$5,076,000 and Managerial Support is funded at \$3,536,000. Both represent 3% increases from the 1997 appropriated level;

2. The Montreal Protocol Multilateral Fund is provided \$12,000,000;

3. Under the Climate Change programs funded through the Office of Air and Radiation, Green Lights receives \$22,308,000; Consumer Labeling receives \$15,848,000; Methane programs receives \$8,577,000; the HFC/PFC program receives \$3,001,000; and the Regional Implementation activity receives \$1,088,000. All of these programs would receive a 3% increase over the 1997 funding level;

4. For the Office of Enforcement and Compliance, Civil Enforcement would receive \$71,218,000; Compliance Monitoring would receive \$40,916,000; Criminal Enforcement would receive \$23,973,000; and Program Leadership and Evaluation would receive \$46,579,000. These also represent 3% increases above the 1997 level;

5. The Global and Regional Environmental Risk Reduction program under the Office of International Affairs would be provided \$2,734,000, a 3% increase;

6. OPPE's Climate Change Action Plan would be funded at \$21,169,000, also a 3% increase over 1997;

7. The Right to Know program, including the Kalamazoo component, would be increased some 35% over 1997 to \$34,386,000;

8. EPM's Specific Reinvention Programs line item would be provided \$77,269,000, a \$10,000,000 increase over 1997;

9. The new Urban Livability program would receive \$3,023,000, \$2,500,000 over the 1997 level; and
10. The GLOBE program would receive no funds in 1998.

For Environmental Programs and Management, a general reduction of \$65,500,000 is being taken.

As in fiscal year 1997, the Committee continues to strongly support the EPA Finance Centers and directs that they be funded at the 1997 level. Similarly, the Committee directs the Agency to provide funding for the Environmental Justice Advisory Council at \$400,000, fund environmental justice small community grants at \$2,000,000, and provide community/university partnership environmental justice grants with \$1,000,000.

The Committee notes that the Great Lakes program office has been funded at the 1996 level of \$14,700,000 within this account, and similarly notes its support for a fully funded Estuary Program. The Chesapeake Bay program is likewise fully funded at \$20,254,000, including \$1,300,000 for atmospheric deposition research activities.

The budget request of nearly \$11,000,000 for drinking water programs is provided in the Committee's recommendation, and the Committee expects that the National Environmental Education and Training Foundation will be funded at the 1997 level of \$780,000. Additionally, the Committee urges the Agency to provide at least \$3,000,000 to carry out the purposes of the Clean Air Act Amendments relative to the Great Waters program.

The Office of Ombudsman at the Environmental Protection Agency has proved to be a valuable asset of the Agency, and the Committee strongly encourages the Agency to submit a budget for this office each year as an effective, permanent position.

The Committee has provided full funding to continue efforts to ensure smooth implementation of notification of lead-based paint hazards during real estate transactions. This program is a joint effort between EPA, the Departments of Health and Human Services and Housing and Urban Development, and the National Association of Realtors, and is, in the Committee's judgment, a prime example of how cooperative efforts can produce excellent results. The Committee again applauds EPA, HHS, HUD and the Realtors for their joint efforts and expresses its support for continued outreach to ensure that housing consumers get good information about lead hazards, which can help prevent many poisonings.

The Committee strongly recommends that the EPA work in conjunction with Metropolitan Dade County, Florida and provide \$2,500,000 in fiscal year 1998 to undertake a national demonstration study to identify the most efficient procedures needed to solve sanitary system overflows

(SSO) and alternate approaches to make the most efficient use of dwindling local, state, and federal resources. The study should follow the program outline as developed by Dade County Water and Sewer Department to create a model federal, state, and county partnership to address SSO problems.

In a similar vein, the Committee urges that the Administrator of the EPA give priority to the Soil Aquifer Treatment research program for indirect potable reuse of highly treated domestic waste water being conducted in Arizona and California.

The Committee notes its serious concerns regarding the new National Pollutant Discharge Elimination System (NPDES) general permit recently proposed by EPA's Region IV. This proposal would require individual permits for all oil and gas operations in water depths of 200 meters or less. The Committee believes this proposal will provide minimal environmental protection, while at the same time adding unnecessary costs and delays in the permitting process. Region IV thus is strongly encouraged to withdraw its proposal and consider using a NPDES general permit similar to the one used successfully by EPA's Region VI.

While EPA's Office of Planning, Policy and Evaluation has successfully implemented program and activities incorporating the use of renewable energy resources, the Committee is concerned that substantive review, planning, and implementation of programs in collaboration with U.S. industry to utilize cost-effective renewable energy and efficiency technologies for pollution mitigation is virtually non-existent in other EPA offices, including International Activities, Pollution Prevention, Research and Development, and Air and Radiation. The Committee expects each of the four offices named herein as deficient in this area to report to the Committee by February 1, 1998 on actions being taken to address these deficiencies.

The Committee is concerned with the implementation of the Federal Agriculture Improvement and Reform Act by the various federal agencies, including EPA, which also share enforcement responsibilities of section 404 of the Clean Water Act. In the above mentioned Reform Act, Congress included language that clarified that rangeland was considered agricultural land for purposes of delineation of wetlands under section 404 of the Clean Water Act. It is the Committee's view that the restrictions and authorizations placed on framers under section 404 are also applied to rangelands, particularly if such rangeland is being used for traditional agricultural purposes. It is the intent of Congress that normal agricultural activities are exempt from section 404 restrictions. Further, it is the intent of Congress that rangelands and farmlands be able to maintain normal or cyclical agricultural, silviculture, and ranching activities, including plowing, which means all forms of primary

tillage, including moldboard, chisel, discing, wide-blade and deep-slip plowing, deep ripping, harrowing and other means used on a farm, vineyard, orchard, forest or rangeland, for the breaking up, cutting turning over, or stirring of soil to prepare it for agricultural activities. Such normal or cyclical activities also include seeding, cultivating, minor drainage and harvesting operations for the production of food fiber and forest products, and upland soil and water conservation practices.

Over the past two years, the Committee has expressed interest in and support of the so-called "cluster rule" for the paper industry where standards for both air and water are "clustered" in the rulemaking process so as to avoid the sometimes incompatible and contradictory results that sometimes occur when such standards are adopted individually. The development of this rulemaking has unfortunately moved much slower than anticipated, much to the difficulty of many of the concerned parties. The Agency is thus encouraged to do everything possible to complete its work on this process and bring it to fruition in a manner expected by both industry and the Congress when it was first proposed.

The Committee remains concerned about the EPA's proposed rule to regulate plant breeding under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). FIFRA was enacted to cover externally applied chemicals, and the proposed rule would require registration under FIFRA for genetic substances responsible for pest resistance in plants. The Committee directs that the Agency demonstrate an adequate need for the rule and establish that the rule would not result in a duplication of responsibility for FIFRA with other federal agencies that already have applicable authority under the law. With regard to this latter direction, the Agency should indicate in what manner it has coordinated its efforts so far on this matter with all other federal agencies which retain responsibilities under FIFRA, and report as to how its rulemaking activity will avoid multiplicity, unnecessary costs to the agencies, plant breeders and consumers, and how the rule will enhance the future development of new plant varieties.

In floor debate on the 1997 appropriations measure, the Committee noted the severe environmental and health situation in and around the Hunts Point area of New York City. To assist in identifying the extent of this problem, the Agency is encouraged to consider conducting a comprehensive, independent study of the area. Such a study should include an analysis of the cumulative health and environmental impacts of identified pollution hazards in the area, and should make it possible for the local community to participate in the design and implementation

of the study. The Committee will welcome a plan for such a study to be put forward in the 1998 Operating Plan.

The Committee has become aware of a long-standing private claim against EPA and at least one other federal agency resulting from alleged violations of the Uniform Relocation Act in Jackson, Mississippi. Because many questions involving this matter remain to be answered, the Committee requests the Agency to provide it all relevant background information and assist the Committee in developing an appropriate solution at the earliest practicable time.

The Committee is aware of the Western Governors Association's (WGA) Air Quality Initiative (AQI), which is focused on two major policy aspects of air quality management. The first focus of the AQI is a review of the State and Tribal Implementation Plan (SIP and TIP) development, approval and implementation process. The relationship between states and tribes and the EPA concerning SIPs and TIPs has been characterized by all parties as unwieldy and oftentimes unnecessarily contentious. To respond to this, the WGA through the AQI has convened key state, tribal, and federal air quality policymakers and regulators to review the historical relationships among the parties concerning SIPs and TIPs and will develop recommendations and a process for implementing these recommendations to improving the SIP/TIP process.

The second major focus of the AQI is the development of incentive based or market oriented regulatory programs that could replace the more traditional command and control regulatory regimes. The emphasis on this aspect of the AQI would be to develop a regulatory framework that would enable emission sources to determine the most cost effective method for meeting air quality standards and goals. A contractor has been retained to develop the policy framework for a western regional incentive-based regulatory program. Also, additional contract assistance is expected to both assist in the development of the economic infrastructure for a market program and develop the means for including other sources in the market such as mobile sources. If successful, the AQI will develop a regulatory regulatory regime that would enable emission sources to meet air quality standards and goals developed to protect public health in a manner that is reflective of their individual needs and at less cost. This will hopefully result in earlier and more complete compliance without the rancor that typically accompanies command and control regulatory practices. The Committee encourages the Agency to continue its financial support of this endeavor from within available funds.

The Committee is very concerned with the Agency's perceived inflexibility regarding the implementation of enhanced vehicle emission and inspection programs in a number of states. Specifically, the Committee's concern rests on the Agency's interpretation of language

included in the National Highway System Designation Act of 1995. That measure states that "the Administrator shall not require adoption or implementation by a state of a test-only I/M 240 enhanced vehicle inspection and maintenance program," and further states in the conference report accompanying the Act that I/M 240 "is not practical in the decentralized system of emissions testing that has been relied on in the past."

Despite this language, however, EPA has until very recently required that states using equipment other than I/M 240 perform mass emission transient testing (METT) on 0.1% of their affected vehicles, yet has only approved I/M 240 equipment to conduct the METT. The Committee believes that it was the intent of Congress to prohibit the mandating of I/M 240 for any purpose, whether for emission testing or evaluation testing. Therefore, the Committee urges the Agency to resolve this issue with the affected states and develop a non-METT test consistent with Congressional intent. The Committee further urges the Agency to develop alternatives which, as required by the Clean Air Act, are based on data collected during inspection and repair of vehicles. The alternatives also should be seamless to the customer, not result in increased costs to the customer or service station owner, and not result in a direct or indirect penalty to the state that is not using METT. In the event that the Agency has not made sufficient progress toward development of a non-METT evaluation method prior to final action on this bill, the Committee would expect to address this issue in legislation.

#### OFFICE OF INSPECTOR GENERAL

Fiscal year 1998 recommendation\1\	\$28,501,000
Fiscal year 1997 appropriation	28,500,000
Fiscal year 1998 budget request	28,500,000
Comparison with fiscal year 1997 appropriation	+1,000
Comparison with fiscal year 1998 budget request	+1,000

\1\Total does not include transfer of \$11,641,000 from the Hazardous Substance Superfund account.

The Office of Inspector General (OIG) provides EPA audit and investigative functions to identify and recommend corrective actions of management, program, and administrative deficiencies which create conditions for existing and potential instances of fraud, waste, or

mismanagement. The appropriation for the OIG is funded from two separate accounts: Office of Inspector General and Hazardous Substance Superfund.

For fiscal year 1998, the Committee recommends a total appropriation of \$40,142,000 for the Office of Inspector General, an increase of \$65,000 from the 1997 level and an increase of \$700 above the budget request. Of the amount provided, \$11,641,000 shall be derived by transfer from the Hazardous Substance Superfund account. All funds within this account are to be considered two-year monies.

## BUILDINGS AND FACILITIES

Fiscal year 1998 recommendation	\$182,120,000
Fiscal year 1997 appropriation	87,220,000
Fiscal year 1998 budget request	141,420,000
Comparison with fiscal year 1997 appropriation	+94,900,000
Comparison with fiscal year 1998 budget request	+40,700,000

This activity provides for the design and construction of EPA-owned facilities as well as for the operations, maintenance, repair, extension, alteration, and improvement of facilities utilized by the agency. The funds are to be used to pay nationwide FTS charges, correct unsafe conditions, protect health and safety of employees and Agency visitors, and prevent serious deterioration of structures and equipment.

The Committee is recommending \$182,120,000 for Buildings and Facilities, an increase of \$94,900,000 above the fiscal year 1997 level and \$40,700,000 above the budget request. This recommendation provides the budget request of \$19,420,000 for necessary maintenance and repair costs at Agency facilities as well as ongoing renovation costs associated with EPA's new headquarters. The remaining \$162,700,000 is for complete construction costs associated with EPA's new consolidated research facility at Research Triangle Park, North Carolina.

The Committee notes that several years elapsed from the time the RTP facility was first planned until funds were secured and construction bids were let. Unfortunately, when these bids were finally received during fiscal year 1997, the cost associated with building this facility as originally planned had increased by some \$40,700,000 over the authorized funding level of \$232,000,000. To construct the facility within authorized limits would require that three parts--the "high bay" research facility, the computer center, and the day care center--be eliminated from current construction plans.

The Committee strongly believes that eliminating portions of the original design, particularly the high bay and computer facilities,

would, in the short term, be detrimental to the benefits associated with constructing this facility in the first place. Over the long term, the Committee suspects that construction of these additional facilities will eventually take place, although certainly at much greater cost. The Committee has therefore provided sufficient appropriations, and the necessary authorization, to construct this facility as originally planned by the Agency and approved by the Congress.

Bill language has also been included again this year which specifically authorizes construction of this facility as a consolidated research facility.

The Committee is aware of and interested in a recent proposal to construct a solid oxide fuel cell/gas turbine power system demonstration plant at EPA's new Fort Meade research facility. Such systems show great promise in producing and providing efficient, low polluting power resources. The Committee would therefore entertain a future budget request by the Agency to construct such a facility.

## HAZARDOUS SUBSTANCE SUPERFUND

### (INCLUDING TRANSFERS OF FUNDS)

Fiscal year 1998 recommendation	\$1,500,699,000
Fiscal year 1997 appropriation	1,394,245,000
Fiscal year 1998 budget request	2,094,245,000
Comparison with fiscal year 1997 appropriation	+106,454,000
Comparison with fiscal year 1998 budget request	-593,546,000

The Hazardous Substance Superfund (Superfund) program was established in 1980 by the Comprehensive Environmental Response, Compensation, and Liability Act to clean up emergency hazardous materials, spills, and dangerous, uncontrolled, and/or abandoned hazardous waste sites. The Superfund Amendments and Reauthorization Act (SARA) expanded the program substantially in 1986, authorizing approximately \$8,500,000,000 in revenues over five years. In 1990, the Omnibus Budget Reconciliation Act extended the program's authorization through 1994 for \$5,100,000,000 with taxing authority through calendar year 1995.

The Superfund program is operated by EPA subject to annual appropriations from a dedicated trust fund and from general revenues. Enforcement activities heretofore employed were used to identify and induce parties responsible for hazardous waste problems to undertake clean-up actions and pay for EPA oversight of those actions. In



addition, responsible parties have been required to cover the cost of fund-financed removal and remedial actions undertaken at spills and waste sites by Federal and state agencies. The Office of Inspector General also receives funding from this account.

For fiscal year 1998, \$1,500,699,000 has been recommended by the Committee, an increase of \$106,454,000 from the fiscal year 1997 level, and a decrease of \$593,546,000 from the amount included in the budget request. Bill language has been included which transfers \$11,641,000 from this account to the Office of Inspector General and \$35,000,000 to the Science and Technology account. The Committee expects EPA to prioritize resources to the actual cleanup of sites on the National Priority List and, to the greatest extent possible, limit resources directed to administration, oversight, support, studies, design, investigations, monitoring, assessment, and evaluation. The Committee's recommendation includes the following program levels:

\$870,000,000 for Superfund response/cleanup actions.

\$85,000,000 for Brownfields assessment activities.

\$202,000,000 for enforcement activities.

\$129,203,000 for management and support, including a transfer of \$11,641,000 to the Office of Inspector General. Bill language is included which provides for this transfer.

\$35,000,000 for research and development activities, to be transferred to Science and Technology as proposed in the budget request.

\$60,000,000 for transfer to the National Institute of Environmental Health Sciences (NIEHS), including \$37,000,000 for research activities and \$23,000,000 for worker training.

\$80,000,000 for transfer to the Agency for Toxic Substances and Disease Registry (ATSDR).

\$29,266,000 for transfer to the Department of Justice. The Department's legal action associated with the Superfund program generates over \$200,000,000 annually which is deposited in the Superfund Trust Fund, as well as annual cleanup responses by parties valued at over \$500,000,000.

\$9,833,000 for all other necessary, reimbursable interagency activities, including \$650,000 for OSHA, \$1,100,000 for FEMA, \$2,432,000 for NOAA, \$4,801,000 for the Coast Guard, and \$850,000 for the Department of the Interior.

In addition to the \$870,000,000 made available in this appropriation for specific clean-up actions, the Committee notes that, according to

the General Accounting Office, at least an additional \$171,000,000 of unspent funds from prior year work orders is immediately available to the Agency for additional clean-up work. These funds are available without the need for a final contract audit to be performed, and the GAO believes that an additional amount of \$78,000,000 can be recovered once final audits are performed. Further, GAO has informed the Committee that recovered funds may be used to pay final audit costs, thus negating the need for the Committee to provide additional funds for audit purposes. Given this information provided by GAO, the Committee directs the Agency to move expeditiously to capture as much of these unspent funds as possible, so as to create a fiscal year 1998 clean-up account of nearly \$1,100,000,000.

For the management and support activity, the Committee's recommendation includes \$1,012,700 for OAR, \$25,545,200 for the Chief Financial Officer, \$992,200 for OPPE, \$84,000,300 for OARM, \$3,159,500 for the General Counsel, \$11,641,000 for the IG, and \$2,852,100 for Administrative/Staff.

While the Committee has essentially funded the full requested increase for the Brownfields program, it has not, for a variety of reasons, funded the proposed increase of approximately \$650,000,000 to accelerate clean-up of NPL sites.

First, the Committee's 602(b) allocation did not accommodate this additional request of the President. In fact, the budget agreement between the Executive and Legislative did not accommodate this increase, unless, according to the document, "[Superfund] policies can be worked out." The Committee believes this unambiguous language can only refer to Superfund policy as set forth in law. Virtually all parties agree that the Superfund program has serious problems, yet it has remained unauthorized for nearly two years. Given that the Appropriations Committee has no jurisdiction to reauthorize this program, any interpretation of "working out policies" other than reauthorizing this important program defies logic if not credibility.

Second, even if the Committee had been given an adequate allocation to accommodate this greatly increased budget request, significant questions remain as to both the substance and the logistics of the request. The history of this program has proved beyond a shadow of a doubt that just throwing money into the problem does not guarantee success. While the Committee acknowledges that several important administrative changes have improved the operation of the program, there remains little, if any, evidence that these changes are significant so as to warrant a 75 percent increase in one year. Moreover, despite numerous requests for complete information necessary to justify such an expense, the Agency has to date provided only portions of requested

materials, some of which in fact raise more questions than they answer.

Besides failing to provide the Committee with adequate information regarding specific sites and clean-up costs which are necessary to make an informed decision on behalf of the budget request, the Agency has also not addressed other important matters including the apparent lack of available, qualified contractors necessary to speed the process as proposed, and the ability of the States to finance their share of ``accelerated" clean-up costs as is required by law.

If money were no object, the Committee certainly would look more favorably on the Agency's request. Given the large, annual appropriations the Superfund program has received each of the last several years, the Committee stands second to no one in both words and action in support of the program. Unfortunately, money is an object, and the Committee takes seriously its responsibility to be good stewards of the limited resources at its disposal. Providing such additional funds in the face of inadequate justification by the Agency, at the expense of and detriment to other important EPA or other programs contained within this Act, would be nothing short of irresponsible.

As noted above, the Committee has provided \$85,000,000 for the Brownfields program, an increase of \$48,900,000 above the 1997 funding level and a decrease of \$1,353,100 below the budget request. While the Committee has consistently shown strong support for this important program, it nevertheless is greatly concerned that some of the programs included in the budget request for Brownfields go well beyond both the spirit and the letter of the law. Statutory limits on the use of Superfund Trust Fund resources spell out very clearly that Trust Fund dollars may be used for remedial actions--that is, when there is an environmental ``hot-spot" that needs immediate attention, and for removal actions--or clean-ups--when a site is listed on the National Priority List of Superfund sites. While there may be Brownfields sites which qualify under this criteria--in which case they can and should receive necessary clean-up funds--the fact is very few fit into this category. It is thus clear to the Committee that the law simply preempts the expenditure of funds for ``revolving loan funds for clean-ups", as well as for voluntary clean-up efforts as proposed in the budget request.

While the Committee has included bill language which specifically limits the use of available Brownfields funds for assessments, training, and personnel costs, it would note that there are thousands of Brownfields sites throughout the nation that await the assessment work offered by the Agency. The Committee is therefore very confident this large Brownfields appropriation will be put to good use by the Agency.

During fiscal year 1997, the EPA responded to a situation in several

states that dealt with the illegal indoor application of the insecticide methyl parathion. While the Committee certainly understands the emergency nature of this situation, there nevertheless are significant legal questions surrounding the Agency's suddenly broad interpretation of its responsibilities under the law. Moreover, significant budgetary resources totaling nearly \$70,000,000 have been taken from specific sites on the NPL and set aside for use to resolve methyl parathion problems.

At its budget hearings on the Agency's fiscal year 1998 budget request, the Committee expressed grave doubts about the legal authority of EPA to respond to matters such as this. Additionally, it questioned the wisdom of responding to the situation in the manner undertaken by the Agency. Perhaps most important, however, was its questioning as to why significant funds were both allocated and spent--in what some believe is in a manner totally inconsistent with the EPA Operating Plan--before any notice was afforded the Committee. While the issue of legal responsibilities will doubtless be discussed at length in another forum, the Committee wishes to make it very clear to the Agency that it will not again tolerate the expenditure of funds for ``emergencies" as was done in this instance. The Committee expects to be fully informed prior to the allocation or expenditure of any appropriated dollars for these ``emergency" situations.

The Committee is aware of growing interest in the concept of fixed-price, at-risk contracting for the clean-up of so called ``orphan share" Superfund sites. One such proposal has been made for the remediation of the Carolina Transformer Site in North Carolina. The Committee sees this innovative approach using nationally-permitted processes conforming to the Agency's Record of Decision (ROD) as having great potential to both speed the clean-up of sites and reduce the costs associated with such cleanups. The Agency is strongly encouraged to implement that proposal as quickly as possible and provide the Committee appropriate information relative to its benefit as another available tool for remediation of sites.

It has come to the Committee's attention that the Agency has recently proposed the reversal of its long-standing policy of deferring to the Nuclear Regulatory Commission (NRC) for cleanup of NRC licensed sites. In the past, EPA has not placed sites which have been successfully remediated under the NRC on the National Priority List. The Committee is satisfied that the NRC has and will continue to remediate sites to a level that fully protects the public health and safety, and believes that reversing this policy is unwarranted and not a good use of public or private funds. EPA is therefore directed to continue its long-standing policy on this matter with the NRC and spend no funds to

place NRC remediated sites on the NPL.

The Committee continues to support the national pilot worker training program which recruits and trains young persons who live near hazardous waste sites or in the communities at risk of exposure to contaminated properties for work in the environmental field. The Committee directs EPA to continue funding this effort in cooperation and collaboration with NIEHS. The research activities of NIEHS can compliment the training and operational activities of EPA in carrying out this program. Moreover, an expanded focus to Brownfield communities--identified as the growing number of contaminated or potentially contaminated vacant or abandoned industrial sites--is critical in order to actively engage and train the under-served populations that are the focus of this effort. While the number of National Priorities List sites is remaining fairly static, there is a growing need for continued assessment activities at Brownfield sites across the country.

The Committee has provided ATSDR an increase of \$16,000,000 over the budget request so that the large backlog of important and necessary health studies planned for both federal and non-federal sites can begin to be addressed. The Committee requests ATSDR to provide timely updates of its progress in this regard. Again this year, the Committee directs that \$4,000,000 of the funds provided to the ATSDR be used for minority health professions, and up to \$2,500,000 be used for continuation of a health effects study on the consumption of Great Lakes fish. Finally, an additional \$2,000,000 has been provided for ATSDR to continue its work on the Toms River, New Jersey cancer evaluation and research project.

Of the funds provided for transfer from Hazardous Substance Superfund to Science and Technology, the Committee directs that \$2,500,000 is for the Gulf Coast Hazardous Substance Research Center and that the other such research centers be funded at a level at least equal to the funding level provided in fiscal year 1996.

It was noted during the Committee's fiscal year 1997 and 1998 budget hearings for the EPA that the Superfund program has adopted a system for prioritizing sites for response/cleanup actions. The Committee strongly endorses this approach as a means of responding to those sites deserving of quicker response as well as from the standpoint of giving some assurance to local communities that ``their" site will receive attention within a set time-frame. The Agency is to be commended for developing and utilizing this improved system.

## LEAKING UNDERGROUND STORAGE TANK PROGRAM

### (INCLUDING TRANSFER OF FUNDS)

Fiscal year 1998 recommendation	\$60,000,000
Fiscal year 1997 appropriation	60,000,000
Fiscal year 1998 budget request	71,210,700
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	-11,210,700

Subtitle I of the Solid Waste Disposal Act, as amended by the Superfund Amendments and Reauthorization Act, authorized the establishment of a response program for clean-up of releases from leaking underground storage tanks. Owners and operators of facilities with underground tanks must demonstrate financial responsibility and bear initial responsibility for clean-up. The Federal trust fund was funded through the now-expired imposition of a motor fuel tax of one-tenth of a cent per gallon, which generated approximately \$150,000,000 per year. Most states also have their own leaking underground storage tank programs, including a separate trust fund or other funding mechanism, in place.

The Leaking Underground Storage Tank (LUST) Program provides additional clean-up resources and may also be used to enforce necessary corrective actions and to recover costs expended from the Fund for clean-up activities. The underground storage tank response program is designed to operate primarily through cooperative agreements with states. However, funds are also used for grants to non-state entities including Indian tribes under Section 8001 of the Resource Conservation and Recovery Act. Per the budget request for fiscal year 1998, the Office of Inspector General will receive no funding by transfer from the trust fund through this appropriation.

For fiscal year 1998, the Committee has provided \$60,000,000, the same as the 1997 appropriated level and a decrease of \$11,210,700 from the fiscal year 1998 budget request. Bill language has been included again this year which limits administrative expenses during the fiscal year to \$9,100,000.

The Committee is aware of concerns expressed by several states that LUST funds not be used in a disproportionate manner for federal projects instead of state projects as anticipated by the authorizing statutes. The Committee concurs in this position of predominate use in the states and notes that its recommendation will allow for approximately 85% of the total appropriation to be used in the states.

## OIL SPILL RESPONSE

### (INCLUDING TRANSFER OF FUNDS)

Fiscal year 1998 recommendation	\$15,000,000
Fiscal year 1997 appropriation	15,000,000
Fiscal year 1998 budget request	15,000,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	0

This appropriation, authorized by the Federal Water Pollution Control Act and amended by the Oil Pollution Act of 1990, provides funds for preventing and responding to releases of oil and other petroleum products in navigable waterways. EPA is responsible for directing all clean-up and removal activities posing a threat to public health and the environment; conducting site inspections; providing for a means to achieve cleanup activities by private parties; reviewing containment plans at facilities; reviewing area contingency plans; and pursuing cost recovery of fund-financed clean-ups. Funds are provided through the Oil Spill Liability Trust Fund which is composed of fees and collections made through provisions of the Oil Pollution Act of 1990, the Comprehensive Oil Pollution Liability and Compensation Act, the Deepwater Port Act of 1974, the Outer Continental Shelf Lands Act Amendments of 1978, and the Federal Water Pollution Control Act. Pursuant to law, the fund is managed by the United States Coast Guard.

The Committee recommends \$15,000,000 for fiscal year 1998, the same as that provided for fiscal year 1997 and the same as the budget request. Bill language is included which limits administrative expenses to \$9,000,000.

## STATE AND TRIBAL ASSISTANCE GRANTS

Fiscal year 1998 recommendation	\$3,026,182,000
Fiscal year 1997 appropriation	2,910,207,000
Fiscal year 1998 budget request	2,793,257,000
Comparison with fiscal year 1997 appropriation	+115,975,000
Comparison with fiscal year 1998 budget request	+232,925,000

The State and Tribal Assistance Grant account was created in fiscal year 1996 in an effort to consolidate programs, and provide grant funds for those programs, which are operated primarily by the states. This

budget structure includes the Water Infrastructure/SRF account, which was intended to help eliminate municipal discharge of untreated or inadequately treated pollutants and thereby maintain or help restore this country's water to a swimmable and/or fishable quality, and miscellaneous state grant programs formerly included within the Abatement, Control and Compliance account.

The largest portion of the STAG account, at \$2.0 billion, is State Revolving Funds (SRF) water infrastructure grants which for more than a decade have been made to municipal, intermunicipal, state, interstate agencies, and tribal governments to assist in financing the planning, design, and construction of wastewater facilities. This account funds state revolving funds for wastewater as well as various grant programs to improve water quality, including the non-point source program under Section 319 of the Federal Water Pollution Control Act, as amended, as well as Public Water System Supervision grants.

For fiscal year 1998, the Committee recommends a total of \$3,026,182,000, an increase of \$115,975,000 above the fiscal year 1997 level, and \$232,925,000 above the level proposed in the budget request. The Committee's recommendation includes the following program levels:

\$1,250,000,000 for Clean Water State Revolving Funds.

\$750,000,000 for Safe Drinking Water State Revolving Funds.

\$750,257,000 for state and tribal program/categorical grants.

\$50,000,000 for high priority U.S./Mexico border projects.

\$50,000,000, the budget request, for Texas Colonias, to be cost shared.

\$15,000,000, the budget request, for Alaska rural and Native Villages, to be cost shared.

\$160,925,000 for special needs water and wastewater grants, including:

\$23,000,000 for Boston Harbor wastewater needs.

\$3,000,000 for continued wastewater needs in Bristol County, Mass.

\$8,000,000 for New Orleans wastewater needs.

\$2,000,000 to implement drinking water facility improvements under Title IV in Richmond and Lynchburg, Va.

\$14,000,000 for continuation of the Rouge River National Wet Weather



Demonstration project.

\$5,000,000 for wastewater and water system needs of the Omnalinda Water Association (\$500,000); the Jenner Township Sewer Authority (\$2,600,000), and the North Fayette County Municipal Authority (\$1,900,000), Penn.

\$14,000,000 for the Millcreek Tube Sewer upgrade/combined sewer overflow project.

\$3,000,000 for phase one of Sacramento's wastewater treatment facility upgrade.

\$3,400,000 for restoration of Weequahic Lake (\$3,000,000) and water quality initiatives at Lake Hopatcong (\$400,000), New Jersey.

\$10,000,000 for planning and implementation of a storm water abatement system in the Doan Brook Watershed Area, Ohio.

\$7,000,000 for wastewater infrastructure needs for Kenner (\$5,000,000) and Baton Rouge (\$2,000,000), La.

\$3,250,000 for Ogden, Utah's sanitary storm sewer and drinking water distribution systems.

\$3,000,000 to assist the Bad Axe, Michigan water crisis.

\$10,000,000 to complete the wastewater improvement program at the Clear Lake Sanitary District, Iowa.

\$7,000,000 for combined sewer overflow requirements in Lycoming County (\$4,000,000) and for wastewater needs of the Pocono/Jackson Township Joint Authority (\$1,500,000) and Smithfield Township in Monroe County (\$1,500,000), Penn.

\$1,700,000 for phase two of the Geysers Effluent Project in No. California.

\$14,000,000 for continued clean water improvements of Onondaga Lake.

\$5,000,000 for wastewater and drinking system needs in Clearfield, Mifflin, Snyder and Fulton Counties, including Wallacetown-Boggs (\$1,250,000); Decatur Township (\$150,000); Lawrenceville Township (\$300,000); Lyleville (\$300,000); Lewistown (\$1,000,000); McVeytown (\$500,000); Adams Township and Port Trevorton (\$500,000); Middleburg (\$500,000); and McConnellsburg (\$500,000), Pennsylvania.

\$10,000,000 for water supply and wastewater needs for the City of Burnside (\$2,000,000); the City of Williamsburg (\$3,000,000); the City of Wayland (\$1,500,000); the City of Hyden (\$1,500,000); and the Morgan County Water District (\$2,000,000), Kentucky.

\$1,275,000 for wastewater needs of East Mesa (\$700,000), West Mesa (\$500,000), and Lordsburg (\$75,000), New Mexico.

\$50,000 for water and sewer improvements for the City of Kinloch, Mo.

\$2,000,000 for an alternative water supply system in Jackson County, Miss.

\$2,000,000 for wastewater facilities and improvements in Essex County, Mass.

\$2,000,000 for the Milwaukee Metropolitan Sewerage District urban watershed restoration project (Lincoln Creek).

\$7,250,000 for export pipeline replacement to protect Lake Tahoe.

For fiscal year 1998, the Committee again expects the Agency to work closely with the governments or entities receiving such special needs grants and develop and agree upon an appropriate non-federal cost share for each of the projects.

The Committee has provided the full budget request for state and tribal program assistance/categorical grants and associated program support for all activities except air--where an increase of \$25,000,000 is provided for monitoring and data collection--and section 319 grants--where an additional \$10,000,000 is provided for all eligible programs including programs formerly funded through the Clean Lakes program. This recommendation includes the following programs with the appropriated amount for each: (1) air and radiation--state, local and tribal assistance, \$200,516,800, including \$53,466,300 for particulate matter monitoring and data collection activities; (2) enforcement and compliance assurance, \$24,375,800; (3) field programs and external activities, \$11,672,100; (4) environmental partnerships, \$1,442,500; (5) lead grants, \$13,712,200; (6) pollution prevention leadership, \$5,999,500; (7) RCRA partnerships, \$98,598,200; (8) underground storage tank partnerships, \$10,544,700; (9) PWSS program grants, \$93,780,500; (10) underground injection control grants, \$10,500,000; (11) wetlands program grants, \$15,000,000; (12) section 319 non-point source pollution grants, including programs formerly eligible under the Clean lakes program, \$110,000,000; (13) section 106 control agency resource supplemental grants, \$95,529,300; (14) water quality cooperative agreements, \$20,000,000 and; (15) Indian general assistance program grants, \$38,585,400.

As was the case in fiscal years 1996 and 1997, no reprogramming requests associated with States and Tribes applying for Partnership grants need to be submitted to the Committee for approval should such grants exceed the normal reprogramming limitations.

The U.S./Mexico Foundation for Science was founded in 1992 as a means to support joint research projects benefiting both nations. The Foundation has been supported by grants of both the United States and Mexican governments which is then leveraged with the use of donations

from private sources. To date, the Foundation has focused its research on health, environmental and agricultural problems. The Committee believes that this type of cooperative effort is an important and effective way to enhance necessary research, and directs the Agency to allocate \$1,000,000 of the Committee's recommended level for high priority border projects for this purpose.

The Committee has provided \$110,000,000 for section 319 non-point pollution grants, an increase of \$10,000,000 above the budget request. Again this year, the Committee expects that funds made available under this grant program can be used by the states to carry out purposes of the Clean Lakes Program, which for the third straight year has received no specific budget request.

The Committee further notes that its proposal includes full funding of \$95,529,300 for water quality grants and full funding of \$5,999,500 for pollution prevention grants. Also, the Committee has increased funds for the Clean Water SRF program by \$175,000,000 to a total of \$1,250,000,000, and has increased the Drinking Water SRF by \$25,000,000 to a program level of \$750,000,000. Finally, the Committee's proposal includes an additional \$25,000,000 for distribution to the State, Tribal and local governments specifically for additional particulate matter and ozone monitoring and data collection. The Committee believes these funds are a necessary component to a successful PM and ozone research program for which additional funds were also provided. The Committee notes that bill language has been specifically included to permit these monitoring and data collection grants to be issued pursuant to section 103 of the Clean Air Act, rather than under section 105. It is Committee's intent that the Agency not require state, tribal or local cost share for these particular grants. The total appropriation for air and radiation assistance grants thus rises to \$192,359,000.

The Committee has included bill language which makes it possible for EPA to use funds under this account for specific programs and purposes in state and tribal areas when such state or tribe does not have an acceptable program already in place. As the funds for this activity are generally allocated by formula, states and tribes without acceptable programs would receive no money without this language. Similar language was carried in Public Law 105-18, and this language would only make the provision permanent law.

The Committee is aware of a continuing problem with the administration of the Clean Water Act's construction grant audit process, and therefore directs the Agency to uphold all project cost eligibility determinations for EPA grants that are supported by a decision document of the EPA or a designated state agency. Such decision documents include, but are not limited to, approvals of plans and

specifications, engineering and construction contracts, grant payments, change orders, subagreement eligibility decisions, or similar documents approving project cost eligibility. Such project cost eligibility determinations may be reversed only upon a showing by the Agency that the original decision was arbitrary, capricious, or an abuse of the law at the time of the decision. The Committee notes that the intent of this language shall apply to current and future appeals.

The Committee is also aware of the currently projected timetable for selection and construction of a secondary treatment component for the International Wastewater Treatment Plant (IWTP) located in San Diego's South Bay along the United States-Mexico border, and continues to be concerned about the timely completion of the facility. The Committee is further concerned by indications that EPA may intend to seek a waiver of secondary treatment for the IWTP, in the absence of scientific justification for such a waiver. The Agency is directed to provide the Committee with regular briefings on the status of this process, so that the Committee may prepare accordingly to assist EPA's completion of the IWTP in the fiscal year 1999 budget cycle. The Committee believes full completion of this facility is an essential part of EPA's obligations to adequately protect the public health of the citizens of the United States and Mexico who live in this border area.

With regard to funding for border projects, the Committee notes that \$200,000,000 has been appropriated prior to this fiscal year, yet just \$30,000,000 has been spent. The Committee is concerned that application of arbitrary economic or other criteria has hampered the timely expenditure of grants to otherwise qualified projects, such as a project in El Paso, Texas in conjunction with the New Mexico-Texas Water Commission, which would provide large numbers of residents of both sides of the border with higher levels of public health and environmental protection. The Agency is asked to provide the Committee a breakdown of the funds it has expended to date for border infrastructure projects, along with the criteria it has selected for qualified application for such grants. The Agency is also expected to provide an explanation of the role that BECC and NADBank will play in the determination of how these grant funds will be distributed.

The Committee is aware of the Agency's narrow interpretation of the Safe Drinking Water Act Amendments of 1996 regarding bond pooling arrangements, including cross-collateralization of funds, and strongly encourages that the Agency review this matter once again. While the Act does not specifically address the issue of cross-collateralization, the statement of the managers on the conference report accompanying the Act very clearly states that the Act ``does not preclude bond pooling arrangements, including cross-collateralization, provided that revenues

from the bonds are allocated to the purposes of the Safe Drinking Water Act in the same portion as the funds are used as security for the bonds," EPA's narrow interpretation of the law in this case appears to be unnecessary and, in fact, counter-productive relative to the intent of the statute.

Finally, the Committee is aware of the financial difficulties many municipalities and regional water authorities face as they undertake projects to modernize their sewer and water systems in order to comply with the Federal Water Pollution Control Act. In fact, the Committee, in recognition of the severe financial strains water and sewer projects mandated by the Act can pose for municipal governments, as well as commercial and residential ratepayers, has, in this and in past years, provided direct financial assistance to specific water infrastructure projects where the financial strains of compliance with the Act are particularly acute. The Committee understands that the best means of alleviating these problems on a long-term basis would be through amendments to the Act that reform its financing provisions so as to make it easier for municipal and regional water authorities--especially those for which compliance is a significant economic hardship--to afford these projects.

Such long-term changes would ultimately make it less necessary for the Committee to provide the kind of direct assistance that is included in this year's legislation and has been provided in past years. However, the Committee also believes that, absent the enactment of long-term legislative reforms in this area, it is appropriate to seek other, non-legislative forms of relief for communities struggling to meet the financial requirements of compliance with the Act, and that, in fact, such non-legislative relief could also reduce the need to continue providing direct assistance to these communities.

The Committee notes in this connection that, while Section 603(d)(1) of the Act (33 U.S.C. 1383) expressly limits to 20 years the term of direct loans provided from state revolving funds (SRF), there is no corresponding term limit in Section 603(d)(4), which allows SRF monies to be used as a source of revenue or security for bonds issued by states to finance compliance projects. Therefore, the Committee strongly urges the Environmental Protection Agency to interpret section 603(d)(4) as allowing the issuance of bonds with a term of greater than 20 years--ideally at least 40 years, if the life of the project is that long--provided the projects are located in states that leverage their SRF monies for creation of debt service reserve funds to collateralize bond issues for the purpose of financing such projects. This interpretation, by allowing reimbursements to SRFs to be stretched out over a longer period of time, will result in lower annual debt service,

thereby making it easier for municipal water authorities (and their ratepayers) to afford the costs of projects mandated by the Act.

#### WORKING CAPITAL FUND

Bill language has been included again this year to continue a Working Capital Fund. Because of the inappropriate use of such Funds in past years by many federal departments and agencies, the Committee was, prior to fiscal year 1997, reluctant to permit the creation of such a Fund at the Environmental Protection Agency. However, the Committee was assured that processes for monitoring and controlling the flow of funds had been vastly improved and that the use of such a Fund could generate significant savings. To date, the Committee is satisfied that the newly created Fund has performed as projected by the Agency and therefore has agreed to continue the Working Capital Fund through fiscal year 1998. The Committee requests that the Agency continue to provide quarterly reports outlining the use and disposition of the Fund.

## EXECUTIVE OFFICE OF THE PRESIDENT

### OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Fiscal year 1998 recommendation	\$4,932,000
Fiscal year 1997 appropriation	4,932,000
Fiscal year 1998 budget request	4,932,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 request	0

The Office of Science and Technology Policy (OSTP) was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976. OSTP advises the President and other agencies within the Executive Office on science and technology policies and coordinates research and development programs for the Federal Government.

The Committee recommends an appropriation of \$4,932,000 for fiscal year 1998, the same as provided in fiscal year 1997 and the same amount as the President's budget request.

### COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

Fiscal year 1998 recommendation	\$2,506,000
Fiscal year 1997 appropriation	2,436,000
Fiscal year 1998 budget request	3,020,000
Comparison with fiscal year 1997 appropriation	+70,000
Comparison with fiscal year 1998 budget request	-514,000

The Council on Environmental Quality (CEQ) was established by Congress under the National Environmental Policy Act of 1969 (NEPA). The Office of Environmental Quality (OEQ), which provides professional and administrative staff for the Council, was established in the Environmental Quality Improvement Act of 1970. The Council on Environmental Policy has statutory responsibility under NEPA for environmental oversight of all Federal agencies and is to lead interagency decision-making of all environmental matters.

For fiscal year 1998, the Committee has recommended \$2,506,000 for the CEQ and OEQ, an increase of \$70,000 from the fiscal year 1997 level and a decrease of \$514,000 from the budget request.

The Committee is aware of the development of a new American Heritage Rivers initiative, and has several concerns about the development and

future implementation of this initiative.

First, while the Administration has publicly stated that this effort will not require new funding or staff, the Committee is concerned that staff from the various federal agencies, including the Department of the Interior and the Department of Agriculture, have been used extensively on this project since the beginning of the year.

Second, the Committee is concerned that discussions have occurred within the agencies about possibly using funds from existing federal programs, which the Congress has not earmarked, specifically for those river segments that will be formally designated by the President. This action would directly contradict and be in violation of Congressional intent.

Finally, concerns have been raised to both the legislative committees of jurisdiction and the Appropriations Committee by both private property rights groups and private citizens about the process by which rivers and/or parts of rivers will be designated. The Committee strongly believes designations should only be made in cases where there is broad community support for the designation. Where opposition arises from either private citizens or local, state or federal officials, no designation should proceed unless and until concerns of opponents can be fully addressed.

## NATIONAL SCIENCE FOUNDATION

### **(Part of NSF section of the House Report)**

## NATIONAL INSTITUTE FOR THE ENVIRONMENT

The Committee has been impressed by the proposal for a non-regulatory National Institute for the Environment with a mission to improve the scientific basis for making decisions on environmental issues. The Committee is very interested in the idea of establishing an institute that provides a major role for stakeholders in defining questions needing scientific attention and which funds ongoing knowledge assessments, extramural research, on-line information dissemination, and education and training through a competitive peer reviewed process. The National Science Foundation has the authority to advance such an Institute. Therefore, the Committee directs the Foundation to study how it would establish and operate such an institute, including the potential cost of such an institute, and report to the Committee by April 1, 1998.



## TITLE IV

### GENERAL PROVISIONS

#### **Partial - Excludes Some Non-EPA References**

The Committee recommends that twenty-one general provisions carried in the fiscal year 1997 Appropriations Act be continued in fiscal year 1998.

#### HOUSE OF REPRESENTATIVES REPORT REQUIREMENTS

The following items are included in accordance with various requirements of the Rules of the House of Representatives:

#### CONSTITUTIONAL AUTHORITY

Clause 2(l)(4) of rule XI of the Rules of the House of Representatives states that: "Each report of a committee on a bill or joint resolution of a public character, shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the law proposed by the bill or joint resolution."

The Committee on Appropriations bases its authority to report this legislation from clause 7 of section 9 of article I of the Constitution of the United States of America which states: "No money shall be drawn from the Treasury but in consequence of Appropriations made by law \* \* \*"

Appropriations contained in this Act are made pursuant to this specific power granted by the Constitution.

#### RESCISSION OF FUNDS

(Note: Applies to HUD only)

#### TRANSFER OF FUNDS

Pursuant to clause 1(b), rule X of the Rules of the House of Representatives, the following statements are made describing the transfers of funds provided in the accompanying bill.

.....

The Committee has included language under the Environmental Protection Agency transferring \$35,000,000 from science and technology to the National Institute of Environmental Health Sciences.

The Committee has included language under the Environmental

Protection Agency transferring funds from the hazardous substance superfund trust fund (\$11,641,000) to the Office of Inspector General. In addition, \$35,000,000 is transferred from the hazardous substance superfund trust fund to the science and technology account.

The Committee has included language under the Environmental Protection Agency transferring \$60,000,000 from the leaking underground storage tank trust fund to the leaking underground storage program.

The Committee recommends transferring \$15,000,000 from the oil spill liability trust fund to the oil spill response account.

### COMPLIANCE WITH RULE XIII, CLAUSE 3

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Section 403(c) of The Balanced Budget Downpayment Act, I is amended as follows:

Language included under Environmental Protection Agency, Working Capital Fund in Public Law 104 204 is amended as follows:

There is hereby established in the Treasury a franchise fund pilot to be known as the ``Working capital fund", as authorized by section 403 of Public Law 103 356, to be available as provided in such section without fiscal year limitation for expenses and equipment necessary for the maintenance and operation of such administrative services as the Administrator determines may be performed more advantageously as central services: Provided , That any inventories, equipment, and other assets pertaining to the services to be provided by such fund, either on hand or on order, less the related liabilities or unpaid obligations, and any appropriations made hereafter for the purpose of providing capital, shall be used to capitalize such fund: Provided further , That such fund shall be paid in advance from funds available to the Agency and other Federal agencies for which such centralized services are performed, at rates which will return in full all expenses of operation, including accrued leave, depreciation of fund plant and equipment, amortization of automated data processing (ADP) software and systems (either acquired or donated), and an amount necessary to maintain a reasonable operating reserve, as determined by the Administrator: Provided further, That such fund shall provide services on a competitive basis: Provided further , That an amount not to exceed four percent of the total annual income to such fund may be retained in the fund for fiscal year 1997 and each

fiscal year thereafter, to remain available until expended, to be used for the acquisition of capital equipment and for the improvement and implementation of Agency financial management, ADP, and other support systems: Provided further, That no later than thirty days after the end of each fiscal year amounts in excess of this reserve limitation shall be transferred to the Treasury : Provided further, That such franchise fund pilot shall terminate pursuant to section 403(f) of Public Law 103 356.

## CHANGES IN THE APPLICATION OF EXISTING LAW

The Committee submits the following statements in compliance with clause 3, rule XXI of the House of Representatives, describing the effects of provisions proposed in the accompanying bill which may be considered, under certain circumstances, to change the application of existing law, either directly or indirectly.

Language is included in various parts of the bill to continue ongoing activities and programs where authorizations have not been enacted to date.

In some cases, the Committee has recommended appropriations which are less than the maximum amounts authorized for the various programs funded in the bill. Whether these actions constitute a change in the application of existing law is subject to interpretation, but the Committee felt that this should be mentioned.

The Committee has included limitations for official reception and representation expenses for selected agencies in the bill.

Sections 401 through 421 of title IV of the bill, all of which are carried in the fiscal year 1997 Appropriations Act, are general provisions which place limitations or restrictions on the use of funds in the bill and which might, under certain circumstances, be construed as changing the application of existing law.

The bill includes, in certain instances, limitations on the obligation of funds for particular functions or programs. These limitations include restrictions on the obligation of funds for administrative expenses, the use of consultants, and programmatic areas within the overall jurisdiction of a particular agency.

.....

Language is included under the Environmental Protection Agency, buildings and facilities, which authorizes the construction of a new building and limits the maximum cost of the new building.

Language is included under the Environmental Protection Agency, hazardous substance superfund, limiting the availability of funds for

toxicological profiles performed by the Agency for Toxic Substances and Disease Registry and limiting the funds available for Brownfields assessments.

Language is included under the Environmental Protection Agency, state and tribal assistance grants, which provides grants to states and local tribal governments.

Language is included under the Environmental Protection Agency, state and tribal assistance grants, which permits the EPA to use categorical assistance grant funds to operate certain environmental programs when states or tribes do not have acceptable programs in place.

Language is included under the Environmental Protection Agency, working capital fund, which makes the program permanent.

#### APPROPRIATIONS NOT AUTHORIZED BY LAW

Pursuant to clause 3 of rule XXI of the House of Representatives, the following lists the appropriations in the accompanying bill which are not authorized by law:

Department of Veterans Affairs:

Construction, Major projects.

Medical Care (Collections only)

Department of Housing and Urban Development: All programs except the Native American Housing Grant program.

Consumer Product Safety Commission.

Corporation for National and Community Service.

Environmental Protection Agency:

Science and Technology (except the Clean Air Act).

Environmental Programs and Management (except the Clean Air Act).

Hazardous Substance Superfund.

State and Tribal Assistance Grants.

Office of Science and Technology Policy.

Federal Emergency Management Agency:

Emergency Food and Shelter Program.

Emergency Management Planning and Assistance (with respect to the Federal Fire Prevention and Control Act of 1974, Defense Production Act of 1950 and the Urban Property Protection and Reinsurance Act).  
General Services Administration--Consumer Information Center.

National Aeronautics and Space Administration: All programs.

National Science Foundation: All programs.

Neighborhood Reinvestment Corporation.

#### BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT

During fiscal year 1998 for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99 177), the following information provides the definition of the term "program, project, and activity" for departments and agencies carried in the accompanying bill. The term "program, project, and activity" shall include the most specific level of budget items identified in the 1998 Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, the accompanying House and Senate reports, the conference report of the joint explanatory statement of the managers of the committee of conference.

In applying any sequestration reductions, departments and agencies shall apply the percentage of reduction required for fiscal year 1998 pursuant to the provisions of Public Law 99 177 to each program, project, activity, and subactivity contained in the budget justification documents submitted to the Committees on Appropriations of the House and Senate in support of the fiscal year 1998 budget estimates, as amended, for such departments and agencies, as subsequently altered, modified, or changed by Congressional action identified by the aforementioned Act, resolutions and reports. Further, it is intended that in implementing any Presidential sequestration order, (1) no program, project, or activity should be eliminated, (2) no reordering of funds or priorities occur, and (3) no unfunded program, project, or activity be initiated. However, for the purposes of program execution, it is not intended that normal reprogramming between programs, projects, and activities be precluded after reductions required under the Balanced and Emergency Deficit Control Act are implemented.

## COMPARISON WITH BUDGET RESOLUTION

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93 344) requires that the report accompanying a bill providing new budget authority contain a statement detailing how the authority compares with the reports submitted under section 602(b) of the Act of the most recently agreed to concurrent resolution on the budget for the fiscal year. This information follows:

The bill provides no new spending authority as described in section 401(c)(2) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93 344), as amended.

[In millions of dollars]

	602(b) allocation		This bill	
	Budget authority	Outlays	Budget authority	Outlays
Comparison with budget resolution:	60,951	77,168	70,150	80,502
Total	82,283	97,229	91,692	100,213

Note.--The amounts in this bill are technically in excess of the subcommittee section 602(b) subdivision. However, pursuant to section 203 of H. Con. Res. 84, the FY 1998 Congressional Budget Resolution, increases to the Committee section 602(a) allocation are authorized for funding in the reported bill for the renewal of expiring contracts for tenant- and project-based housing assistance under section 8 of the United States Housing Act of 1937. After the bill is reported to the House, the Chairman of the Committee on the Budget will provide an increased section 602(a) allocation consistent with the funding provided in the bill. That new allocation will eliminate the technical difference prior to floor consideration.

## FIVE-YEAR OUTLAY PROJECTIONS

In accordance with section 308(a)(1)(C) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93 344), as amended, the following information was provided to the Committee by the Congressional Budget Office:

Budget authority	\$91,692
Outlays:	
1998	52,801
1999	23,730
2000	6,573
2001	4,139
2002 and beyond	3,573

## FINANCIAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

In accordance with section 308(a)(1)(D) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93 344), as amended, the Congressional Budget Office has provided the following estimates of new budget authority and outlays provided by the accompanying bill for financial assistance to state and local governments:

Budget authority	\$25,040
Fiscal year 1998 outlays resulting therefrom	4,849

## ADDITIONAL VIEWS OF HON. DAVID R. OBEY

In many ways, the 1998 VA-HUD-Independent Agencies Appropriations bill is a reasonably balanced measure. It includes increases above the President's budget request for the Department of Housing and Urban Development, the Department of Veterans Affairs, the National Aeronautics and Space Administration, the National Science Foundation, and the Federal Emergency Management Agency. In addition, in contrast with the situation of two years ago when a score of anti-environmental riders were included, this year's bill contains virtually no extraneous legislative riders.

The allocation of resources, however, raises some concerns about priorities and about the budget process as well. Although the Committee

has recommended increases above the budget of \$550 million for the Department of Housing and Urban Development, \$250 million for the Federal Emergency Management Agency, \$148 million for the National Aeronautics and Space Administration, \$120 million for the National Science Foundation, and \$110 million for administration of the Department of Veterans Affairs, it decided not to add funds for the veterans medical care account and it has not included the President's requested increase to speed the cleanup of Superfund sites across the country. Unfortunately, the priorities represented by these funding decisions may be driven as much by the vagaries of the budget process as by a well thought out, full and open discussion weighing opposing points of view.

The simple truth of the matter is that this subcommittee's allocation made pursuant to the budget resolution is rich in budget authority and poor in outlays. The result is a bill that tends to penalize those accounts and agencies that spend money quickly and unnecessarily reward those that spend money relatively slowly. Looked at in isolation, for any given year, an approach like this may make sense. However, when decisions are made in this way year after year, it merely compounds the problem and limits future discretion--much the way that our discretion for 1998 has been severely hampered by similar decisions made in previous years. The funding decisions reflected in this bill will come back in un-intentioned ways in the years ahead. The most serious flaw with the Committee's approach on this bill is that the looming bow wave of outlays will come due for many of the recommended increases at just the time when discretionary spending is declining precipitously to conform with the unrealistic outyear projections of the budget resolution. The resulting budget crunch will probably mean that several programs of higher merit than many of the ones funded in this bill will be hurt.

Perhaps the most curious example of a funding decision in this bill which will undoubtedly have undesirable future impacts is \$60 million recommended for a full-scale windstorm simulation center. The rather cryptic reference to this project contained in the bill and report neglects to point out that \$60 million is the first installment of a proposed, three-year, \$180 million construction project to be built on a non-competitive basis by the contractor operating the government owned Department of Energy Idaho National Engineering and Environmental Technology Laboratory.

Although the contractor maintains that \$34 million for design and engineering expenses is the most that can be used on the project in 1998, the Committee has recommended nearly double that amount. The project is not authorized, and as noted above, has not been



competitively awarded. It has not been requested by the agency that would receive the funding, the Department of Energy; nor by the Federal Emergency Management Agency, which would act as a conduit for the funding. It has not been addressed in Congressional hearings in anything more than a cursory manner. The project has not been peer reviewed. Although the project was discussed at some length during a recent symposium hosted by the American Association of Wind Engineers, the report of this symposium is not yet available. Concerns have been expressed in the university community that unless adequate provisions are made for sustained operating budgets, the high cost of individual experiments may preclude many schools from participating. FEMA has indicated that its support for the project is contingent upon development of a broad based consortium. FEMA has also stated that it "should not be the primary source of funding for the partnership for natural disaster reduction or the construction and use of any proposed facilities." Although the contractor markets the proposal as an innovative public-private partnership, to date, the insurance and home building industries that potentially stand to gain from the facility have not provided any financial support.

No one can disagree with the objectives of the windstorm simulation facility--research and engineering to help reduce the terrible costs to many elements of our society inflicted by tornadoes, hurricanes and other severe winds. The issue for the Congress to decide is whether the proposed facility at the Department of Energy's Idaho laboratory has been sufficiently reviewed and is the best way to proceed at this time. I hope that during House consideration of this measure it will be possible to address many of the questions raised by the Committee's recommendation for the windstorm simulation center.

Dave Obey.